

EXHIBIT

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THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re:

ALEXANDER E. JONES

Debtor.

§  
§  
§  
§  
§

Case No. 22-33553  
(Chapter 7)

DECLARATION OF KAREN NICOLAOU  
IN SUPPORT OF TRUSTEE'S APPLICATION TO  
EMPLOY HMP ADVISORY HOLDINGS, LLC D/B/A HARNEY PARTNERS

I, Karen Nicolaou, hereby submit the following statement, and do hereby state under penalty of perjury pursuant to 28 U.S.C. § 1746:

1. I am familiar with the matters set forth herein and, if called as a witness, I could and would testify as follow:

2. My name is Karen Nicolau, I am a Managing Director of HMP Advisory Holdings, LLC d/b/a Harney Partners ("Harney Partners")<sup>1</sup>, and am serving as the lead professional on this engagement.

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge as a Managing Director of Harney Partners, information supplied to me by other Harney Partners professionals, or learned from my review of other documents. To the extent any information disclosed herein requires amendment or modification as additional information becomes available to Harney Partners or me, a supplemental disclosure will be submitted.

QUALIFICATIONS

4. I graduated from the University of Texas with a B.A. in Accounting and am a Certified Public Accountant (CPA) and a Certified Valuation Analyst (CVA). I have more than 30 years of experience managing and supporting companies in distressed and transitory situations and have been responsible for accounting and financial management, mergers and acquisitions, due diligence, valuations, forensic accountings, cash management, asset liquidation, out-of-court restructures, and interim crisis management for clients operating across multiple industries

5. Harney Partners is a nationally recognized corporate advisory firm that has assisted hundreds of organizations and their stakeholders through complex financial and operational challenges. Harney Partners has won numerous regional and national awards and accolades, including the Turnaround Management Association's (TMA) Turnaround of the Year, the TMA Transaction of the Year, and the M&A Advisor Out-of-Court Restructuring of the year for its

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<sup>1</sup> Capitalized terms used but not otherwise defined herein are intended to have the same meaning as defined in the Application.

successful engagements and services. Harney Partners has more than 30 years of specialized experience providing advisory services, turnaround consulting, financial assessments, analyses, internal audits, and expert reports and testimony to debtors, creditors, and other parties involved in business turnarounds, restructuring, bankruptcy, regulatory compliance, risk management, and complex litigation matters.

6. I submit that Harney Partners and I possess the requisite expertise and background to provide the services for which we are being retained.

#### KEY TERMS OF ENGAGEMENT

7. In connection with this engagement, Harney Partners and I have agreed to the terms set forth in the Engagement Letter attached as Exhibit 1 to the Application. As more fully set forth therein and in the Application itself, we will provide professional services as a third-party financial advisor to the Trustee. We anticipate that we will provide the following financial, accounting, consulting, and litigation support services:

- (i) Preparation of MORs: Assisting the Trustee with the preparation and filing monthly operating reports relating to the operation of FSS.
- (ii) Forensic Review of Books and Records of FSS: Undertaking a review of the books and records of FSS, initially from the time of conversion, June 14, 2024, to present date.
- (iii) Litigation Support: Assisting in the evaluation and potential prosecution of claims and causes of action of the estate and FSS.
- (iv) Other Duties: Providing other services as agreed to by the Trustee and HP from time to time to assist in the administration of the Estate and/or FSS.

8. We have agreed to seek compensation on an hourly fee basis, at our normal hourly rates. The normal hourly rates are dependent on the role/title/experience of the professional and are set forth below:

President / EVP	\$600 to \$700 / hour
Managing Director	\$500 to \$600 / hour
Sr. Manager / Director	\$400 to \$500 / hour
Manager	\$350 to \$450 / hour
Sr. Consultant	\$275 to \$400 / hour
Support Staff	\$180 to \$275 / hour

9. I anticipate that I will be the primary billing professional on this engagement but may be assisted by other Harney Partner professionals as may be needed. Consistent with the firm's policy, a member of senior management will maintain a general advisory role.

10. In addition to compensation for professional services, we will seek reimbursement for actual, reasonable, and necessary expenses incurred in connection with its retention, at actual cost.

11. We understand that our requested fees and expenses for this engagement are subject to the Court's Interim Compensation Procedure Order at DE 793 [AJ Docket] and other applicable provisions of the Bankruptcy Code.

12. Harney Partners has neither shared nor agreed to share (a) any compensation it has received or may receive with another party or person, or (b) any compensation another person or party has received or may receive.

#### DISINTERESTEDNESS

13. In connection with this proposed engagement, I was provided with a list of potential interested parties in this case, attached hereto as **Appendix 1**. Based on my review, at this time, to the best of my knowledge, neither I nor any other professional of Harney Partners is aware of any actual conflict of interest or disqualifying connections.

14. Except as disclosed herein, I am not aware of any direct or indirect relationship to, connection with, or interest in, the Debtor or FSS that is materially adverse to the interest of the estate, the Debtor, or its creditors. Further, neither I nor Harney Partners represent any interest adverse to Debtor, its estate and creditors, and we do not have any connections to the Debtor, the creditors, or any other party-in-interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee.

15. Harney Partners discloses the following connections pursuant to Federal Rule of Bankruptcy Procedure 2014:

- a. Generally, Harney Partners, myself, and its other professionals have connections to persons, parties, and other entities through the Turnaround Management Association and other bankruptcy/restructuring related professional organizations, including continuing education courses, professional conferences, and/or social media. To this end, we may have connections to the Office of the U.S. Trustee, judges, court staff, and practitioners involved in bankruptcy cases, who may also appear in this case.
- b. Harney Partners may provide professionals services that do not directly relate to or have any direct connection with this bankruptcy case, the Debtor, FSS, to entities or persons that may be creditors, vendors, professionals, or parties-in-interest in this case. At this time, no such connections are known except as set forth herein. If any such connections are discovered or arise, Harney Partners will supplement this Declaration.

- c. Harney Partners and its personnel in their individual capacities regularly utilize the services of law firms, investment banking and advisory firms, and financial advisors. Such firms engaged by Harney Partners, or its personnel may appear in cases representing the Debtor or parties-in-interest. Any engagement where such firms represent Harney Partners or its personnel in their individual capacities is unrelated to this bankruptcy case.
- d. Harney Partners and its personnel in their individual capacities, regularly utilize the services of or maintain consumer accounts with various unsecured creditors including Amazon Marketplace, Amazon.com Inc, HBOMax, Microsoft Online, Inc., Verizon. Etc. These relationships are unrelated to this bankruptcy case and none of these connections represent an interest adverse to the estate in this case.
- e. Ms. Erin Jones, a partner at Jones Murray, LLP (co-counsel for the Trustee), has represented parties that retained me in various capacities, including as Chief Restructuring Officer, expert witness, and financial advisor. In my capacity as a Liquidating Trustee and Plan Agent in unrelated matters, I have retained Ms. Jones (at her previous law firm) to represent me. Each of these engagements are unrelated to this engagement. I believe the last matter in which I worked with Ms. Jones concluded in approximately 2016.
- f. Mr. Joshua W. Wolfshohl, a partner at Porter | Hedges (co-counsel for the Trustee), has represented parties that retained me in various capacities, including, expert witness, and financial advisor. Each of these engagements are unrelated to this engagement. I believe the last matter in which I worked with Mr. Wolfshohl concluded in approximately 2014.
- g. Ms. Jacqueline Chiba, an associate at Jones Murray, LLP (co-counsel for the Trustee) serves on the Turnaround Management Association's Education Committee with me. These matters are entirely unrelated to this engagement.
- h. Vickie Driver (while she was at her former firm Crowe & Dunlevy P.C.) who was Debtor's former counsel in this case (withdrawal granted at DE 938 [AJ Docket]), has connections to Ms. Nicolaou and Harney Partners due to unrelated engagements.<sup>2</sup>
  - i. In my capacity as Chief Restructuring officer in the Chapter 11 case of *The LasSalle Group, Inc., et. al.*, in the Northern District of Texas, Dallas Division, Case No. 19-31484-sgj-11, I was represented by Ms. Driver. This case concluded in 2021.

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<sup>2</sup> Vickie has recently changed firms and is currently at Elliott, Thomason & Gibson, LLP.

- ii. Ms. Driver also represented a group of clients - Beltline SCC, LLC, Brinker SCC, LLC, Fairpark SCC, LCC, RW SCC, LLC, Vintage SCC, LLC, HG SCC, LLC, Mullican SCC, LLC, Whitesboro SCC, LLC, (together “Clients”) – to whom Harney Partners provided litigation support services. As an independent third party, I had the ultimate authority to negotiate with and reach settlements with creditors of all Clients. All of the nine entities filed Chapter 7’s in the Southern District, Houston Division.
- i. The City of Austin is listed as a creditor in this case. For approximately the past ten (10) years, Mr. Greg Milligan, Executive Vice President at Harney Partners (“Milligan”) has served in various capacities, including Chief Restructuring Officer, President, Board Member, and Financial Advisor for Austin Bergstrom Landhost Enterprises, Inc. (“ABLE”). ABLE is a Texas Public Facility Corporation and is the counterparty to a ground lease with the City of Austin for the property located at the Austin Bergstrom International Airport and operated as the Austin Airport Hilton Hotel. The City of Austin also has certain financial obligations related to ABLE’s \$45.6 million bond issuance in November of 2017. Milligan will continue to serve as ABLE’s President until December 31, 2024, then will only be a board member thereafter.
- j. Milligan, in his capacity as Chapter 11 Trustee, was represented by Shelby Jordan *In Re: Westech Capital Corp*, Case No. 16-10300 filed in the Western District of Texas, Austin Division. This case is still pending, but Mr. Jordan’s representation ended during 2020.
- k. Milligan is married to Layla Milligan, an Assistant Attorney General with the Office of the Texas Attorney General, and Managing Attorney of the Bankruptcy Regulatory Team in the Bankruptcy and Collections Division. A member of the Tax Team (which is separate and distinct from the Bankruptcy Regulatory Team) with the Office of the Texas Attorney General has filed an appearance in this case.
- l. Ryan E. Chappel represents multiple creditors in this case. In Milligan’s position as Court-Appointed Receiver for *Pride of Austin High Yield Fund I, LLC* (“POA Fund”), filed in Travis County District Court, he is currently adverse to Mr. Chappel’s client, a borrower from the POA Fund.
- m. The principal of the POA Fund is represented by Jackson Walker and Milligan, as Receiver, maintains claims against the principal.

- n. In Milligan's capacity as Chief Restructuring Officer in the Chapter 11 case of *RIC (Austin), LLC*, pending in the Western District of Texas, Austin Division, Case No. 24-10264, he is prosecuting a condemnation proceeding on behalf of the debtor and its estate. Jackson Walker represents the defendant in that condemnation proceeding.
  - o. Streusand, Landon, Ozburn & Lemmon, LLP ("SLOL") represents a creditor in this case. SLOL has represented members of Harney Partners in the past and currently represents Milligan in a state court receivership matter pending in Travis County, Texas.
  - p. Waller, Lansden, Dortch & Davis, LLP (now Holland & Knight, LLP) has represented members of Harney Partners in the past and currently represents Milligan as Receiver for the POA Fund.
  - q. Pending court approval, Holland & Knight, LLP will also represent Milligan in separate receivership in Navarro County, Texas.
  - r. Joshua Wolfshohl and Porter | Hedges currently represents Milligan in a Travis County, Texas probate matter where Milligan was appointed as Sole Manager of two (2) entities affiliated with Jim Bob Moffett to liquidate the assets of each entity and distribute the resulting proceeds pursuant to a court-approved settlement of the parties.
  - s. On January 12, 2023, Harney Partners interviewed with counsel for the Committee and others to serve as Financial Advisor to the Committee, but was not selected.
  - t. During 2022, Harney Partners was contacted at different times by multiple different counsel for the Debtor and/or FSS regarding a possible role with the Debtor and/or FSS. Harney Partners declined each opportunity, each conversation was very brief (less than 5 minutes), and no confidential information was provided to Harney Partners during these discussions.
16. During 2024, Harney Partners was contacted separately by Vickie Driver and Steve Lemmon (counsel for PQPR) regarding the possibility of serving as a Liquidating Trustee or similar role for FSS. Again, the position never materialized, and no confidential information was provided to Harney during these discussions. Harney Partners reviews its files periodically to ensure that no conflicts or disqualifying connections exist or arise. Should I or Harney Partners discovery any new conflict or disqualifying connection, relevant facts, or anything else materially bearing on this engagement for the period of our retention, I will use reasonable efforts to file a supplemental disclosure.
17. Harney Partners is not a creditor of the Debtor or the Debtor's estate.

18. Based on the forgoing, I believe that Harney Partners and I are each a “disinterested person” as that term is defined in Section 101(14) of the Bankruptcy Code.

19. The forgoing constitutes the declaration of myself and Harney Partners pursuant to 11 U.S.C. §§ 327 and 504 of the Bankruptcy Code, as well as Bankruptcy Rules 2014(a) and 2016(b).

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge, and belief.

Dated: December 6, 2024

**HMP ADVISORY HOLDINGS, LLC  
D/B/A HARNEY PARTNERS**

**/s/ Karen G. Nicolaou (with permission)**

Karen Nicolaou (Managing Director)

100 Main Street, Suite 2300

Houston, TX 77002

Phone: (281) 656-6508

E-mail: [knicolaou@harneypartners.com](mailto:knicolaou@harneypartners.com)

**APPENDIX 1**

**Potential Parties in Interest**



**Potential Parties in Interest**

**Debtor & Professionals**

Alexander E. Jones,  
Free Speech Systems, LLC  
Crowe & Dunlevy, P.C.  
BlackBriar Advisors, LLC  
Rachel Kennerly, LLC  
Martin, Disiere, Jefferson & Wisdom  
L.L.P.

**Unsecured Creditors, Litigation  
Claimants, and other Parties in Interest**

Addshoppers, Inc.  
ADP Total Source Insurance  
ADP TotalSource Payroll  
Airco Mechanical, LTD  
AIS Portfolio Services, LLC  
Aldenberg, William  
Ally Auto  
Ally Bank  
Amazon Marketplace  
Amazon Payments, Inc.  
Amazon Web Services  
Amazon.com, Inc.  
American Express  
American Media/Reality Zone  
Andrews, Christopher  
Ash, Erica L.  
AT&T, Inc.  
Atomial LLC  
AWIO Web Services LLC  
Balcones Recycling Inc.  
Bank of America N.A.  
Barden, Jacqueline  
Barden, Mark  
Biodec, LLC

Blott, Jacquelyn  
Campco  
Chelsea Green Publishing  
City of Austin  
Cloudflare, Inc.  
Coan, Richard M.  
Constant Contact, Inc.  
Copycat Legal PLLC  
CustomTattoNow.com  
David Icke Books Limited  
De La Rosa, Veronique  
Deese, Stetson  
Delassio, Joey  
eBay  
eCommerce CDN LLC  
Edgecast, Inc.  
Elevated Solutions Group  
EPS, LLC  
ERM Protect  
Evident Tax, LLC  
Fontaine, Marcel  
Frost Insurance Agency  
FW Robert Broadcasting Co  
Getty Images, Inc  
Gilmore, Brennan  
Gracenote  
Greenair, Inc  
Gucciardi, Anthony  
Haivision Network Video  
HBOMax  
Hensel, Jennifer  
Heslin, Neil  
High Gabriel Water Supply Corporation  
d/b/a Texas Water

High Gabriel Water Supply Corporation  
d/b/a Texas Water Spectrum  
Hockley, Ian  
Hockley, Nicole  
Hulu, LLC  
Ickonic Enterprises Limited  
Independent Publishers Group  
Iron Mountain, Inc  
JCE SEO  
Jones, Carol  
Jordan, Shelby A.  
JW JIB Productions, LLC  
KI4U.com  
Klayman, Larry  
Konica Minolta Premier Finance  
Lafferty, Erica  
Lair, Justin  
Lewis, Scarlett  
Lincoln-Remi Group, LLC  
LIT Industrial  
Logo It, LLC  
Lumen/Level 3 Communications  
Magento  
Magill, J. Patrick  
Microsoft Bing Ads  
Microsoft Online, Inc.  
Miller, Sean  
mongoDB Cloud  
MRJR Holdings, LLC  
Music Videos Distributors  
MVD Entertainment Group  
Netflix, Inc.  
NetSuite Inc  
New Relic  
Newegg.com

One Party America, LLC  
 Orkin, Inc.  
 Parker, Robert  
 Payarc  
 Paymentus  
 Paz Law, LLC  
 Percision Oxygen  
 Perfect Imprints.com  
 Perkins, Wes  
 Pipe Hitters Union, LLC  
 Post Hill Press, LLC  
 Poulsen, Debra  
 Power Reviews, Inc.  
 Pozner, Leonard  
 PQPR Holdings Limited, LLC  
 Precision Camera  
 Private Jets, LLC  
 Protection 1 Alarm  
 Public Storage  
 Pullman & Comley, LLC  
 Randazza Legal Group  
 Rapid Medical  
 RatsMedical.com  
 Ready Alliance Group, Inc.  
 Renaissance  
 Resistance Manifesto  
 Restore America  
 Richman, Jeremy  
 Sadowski, Christopher  
 Schmidt, Robert  
 Security Bank of Crawford  
 Security Bank of Texas  
 Sherlach, William  
 Simon & Schuster  
 SintecMedia NYC, Inc. DBA Operative  
 Sirius XM Holdings, Inc.

Skousen, Joel  
 Skyhorse Publishing  
 SLNT  
 Soto, Carlos M.  
 Soto, Dona  
 Soto, Donna  
 Soto, Jillian  
 Soto-Marino, Jillian  
 Soto-Parisi, Carlee  
 Sparkletts & Sierra Springs  
 Spectrum  
 Spectrum Enterprise aka Time Warner  
 Cable  
 Stamps.com  
 Stone Edge Technologies, Inc  
 Stratus Technologies  
 Studio 2426, LLC  
 Sweetwater Holdings Group, Inc.  
 Synergy North America, Inc.  
 TD Canada Trust  
 Texas Comptroller  
 Texas Comptroller of Public Accounts,  
 Revenue Accounting Division  
 Texas Disposal Systems, Inc  
 Texas Gas Service  
 Textedly  
 The Creative Group  
 The Hartford  
 The Steam Team, Inc  
 Third Coast Graphics, Inc  
 Thomas, David  
 Tolentino, Gabriela  
 Travelers  
 Travis County  
 Travis County MUD 3  
 Travis County WCID 17

U.S. Legal Support  
 Uline Shipping Supply  
 Vazquez, Valdemar Rodriguez  
 Verizon  
 Verizon Edgecast  
 Vultr  
 Waste Connections Lone Star, Inc.  
 Water Event - Pure Water Solutions  
 Watson, Paul  
 Westwood One, LLC  
 Wheeler, David  
 Wheeler, Francine  
 Willow Grove Productions  
 Wisconsin Dept. of Revenue  
 WMQM-AM 1600  
 WWCR  
 Your Promotional Products, LLC  
 Zendesk, Inc  
 Zoom US

#### **Other Professionals**

The Akers Law Firm PLLC  
 Akin Gump Strauss Hauer & Feld LLP  
 Battaglia, Raymond William  
 Chamberlain, Hrdlicka, White,  
 Williams & Aughttry P.C.  
 Cain & Skarnulis PLLC  
 Chapple, Ryan E.  
 Civil Rights Clinic  
 Freeman, Elizabeth Carol  
 Haselden, Melissa A  
 Hawash Cicack & Gaston LLP  
 Jackson Walker LLP  
 Jordan & Ortiz, P.C.  
 Kaster Lynch Farrar & Ball LLP  
 Koskoff Koskoff & Bieder

Law Office of Liz Freeman  
McCarthy & Holthus, LLP  
McDowell Hetherington LLP  
Martin, Jarrod B.  
Ortiz, Antonio  
Pattison Law Firm, P.C.  
Paul Weiss Rifkin & Garrison, LLP  
Reeves Law, PLLC  
Ruff, Jayson B.  
Stephen A. Roberts, P.C.  
Streusand, Landon, Ozburn & Lemmon,  
LLP  
Waller Lansden Dotrch & Davis, LLP  
Wilkie Farr & Gallagher LLP  
Williams, Randy  
Zeisler & Zeisler, P.C.

**U.S. Bankruptcy Judges and Staff**

Chief Judge Eduardo V. Rodriguez  
Judge Marvin Isgur  
Judge Christopher M. Lopez  
Judge Jeffrey P. Norman  
Ana Castro  
Tracey Conrad  
Jeannie Chavez  
LinhThu Do  
Tyler Laws  
Kimberly Picota  
Vriana Portillo  
Mario Rios

**U.S. Trustee Personnel**

Alicia Barcomb  
Jacqueline Boykin  
Luci Johnson-Davis

Hector Duran  
Barbra Griffin  
Brian Henault  
Linda Motton  
Ha Nguyen  
Glenn Otto  
Yasmin Rivera  
Jayson B. Ruff  
Millie Sall  
Patricia Schmidt  
Christy Simmons  
Gwen Smith  
Stephen Statham  
Christopher R. Travis  
Clarissa Waxton  
Jana Whitworth